



North Carolina Department of Health and Human Services

2001 Mail Service Center • Raleigh, North Carolina 27699-2001

Tel 919-733-4534 • Fax 919-715-4645

Michael F. Easley, Governor

December 31, 2007

Dempsey Benton, Secretary

The Honorable William Purcell, Co-Chair
Appropriations on Health and Human Services
North Carolina General Assembly
Room 625, Legislative Office Building
Raleigh, NC 27603

Dear Senator Purcell:

Pursuant to S.L.2007-323 (House Bill 1473), Section 10.55(j), please find enclosed the North Carolina Families Accessing Services through Technology (NC FAST) report. The report provides a status on the NC FAST Program and describes the collaborative efforts of the NC Department of Health and Human Services, the County Department of Social Services, and the Federal partners. The NC FAST Program's plans for procurement and implementation of a case management system are also summarized in the report.

We appreciate the opportunity to submit this report. Should you have any questions regarding the report, please contact Wanda Mandeville at (919) 855-3003.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Dempsey Benton".

Dempsey Benton

DB:js

Enclosure

Dan Stewart
Jackie Sheppard
Jim Slate
Sharnese Ransome
Sherry Bradsher

Karen Tomczak
Jennifer Hoffman
Lynn Muchmore
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Michael F. Easley, Governor

December 31, 2007

Dempsey Benton, Secretary

The Honorable Doug Berger, Co-Chair
Appropriations on Health and Human Services
North Carolina General Assembly
Room 622, Legislative Office Building
Raleigh, NC 27603

Dear Senator Berger:

Pursuant to S.L.2007-323 (House Bill 1473), Section 10.55(j), please find enclosed the North Carolina Families Accessing Services through Technology (NC FAST) report. The report provides a status on the NC FAST Program and describes the collaborative efforts of the NC Department of Health and Human Services, the County Department of Social Services, and the Federal partners. The NC FAST Program's plans for procurement and implementation of a case management system are also summarized in the report.

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Michael F. Easley, Governor

December 31, 2007

Dempsey Benton, Secretary

The Honorable Beverly M. Earle, Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 634, Legislative Office Building
Raleigh, NC 27603

Dear Representative Earle:

Pursuant to S.L.2007-323 (House Bill 1473), Section 10.55(j), please find enclosed the North Carolina Families Accessing Services through Technology (NC FAST) report. The report provides a status on the NC FAST Program and describes the collaborative efforts of the NC Department of Health and Human Services, the County Department of Social Services, and the Federal partners. The NC FAST Program's plans for procurement and implementation of a case management system are also summarized in the report.

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Michael F. Easley, Governor

December 31, 2007

Dempsey Benton, Secretary

The Honorable Bob England, M.D., Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 2219, Legislative Building
Raleigh, NC 27601

Dear Representative England:

Pursuant to S.L.2007-323 (House Bill 1473), Section 10.55(j), please find enclosed the North Carolina Families Accessing Services through Technology (NC FAST) report. The report provides a status on the NC FAST Program and describes the collaborative efforts of the NC Department of Health and Human Services, the County Department of Social Services, and the Federal partners. The NC FAST Program's plans for procurement and implementation of a case management system are also summarized in the report.

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Michael F. Easley, Governor

December 31, 2007

Dempsey Benton, Secretary

The Honorable Verla Insko, Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 307-B1, Legislative Office Building
Raleigh, NC 27603

Dear Representative Insko:

Pursuant to S.L.2007-323 (House Bill 1473), Section 10.55(j), please find enclosed the North Carolina Families Accessing Services through Technology (NC FAST) report. The report provides a status on the NC FAST Program and describes the collaborative efforts of the NC Department of Health and Human Services, the County Department of Social Services, and the Federal partners. The NC FAST Program's plans for procurement and implementation of a case management system are also summarized in the report.

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North Carolina Families Accessing Services through Technology

Pursuant to S.L. 2007-323 (HB 1473), Section 10.55(j)

Report
to the

House of Representatives Appropriations Subcommittee
on Health and Human Services

Senate Appropriations Committee
on Health and Human Services

and the

Fiscal Research Division

January 2008

I. Background

Under Section 10.55(j) of Session Law 2007-323 (House Bill 1473), the North Carolina General Assembly stipulates that the NC FAST Program shall be implemented in compliance with Federal regulations to ensure Federal financial participation in the project. Additionally, the General Assembly requires that the NC Department of Health and Human Services (NC DHHS) report on its compliance with Federal regulations to the House of Representatives Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than January 1, 2008. This document serves as the NC DHHS required report.

The NC FAST Program involves the entire automation initiative through which families access services and local departments of Social Services deliver benefits. The NC FAST Program is supervised by the NC DHHS Division of Social Services (DSS), Division of Aging and Adult Services (DAAS), Division of Medical Assistance (DMA), and the Division of Child Development (DCD). This automation effort is intended to free the State and County Social Services staff (i.e., staff in the NC DHHS DSS and staff in the County Departments of Social Services) from repetitive tasks and allow them to spend more time working directly with clients. Automating current paper-based processes leads to better fiscal and policy control for North Carolina's counties, the State government, and the Federal government. By reducing time spent on cumbersome and repetitive paperwork, NC FAST will allow State and County staff to better focus their efforts on the complex issues presented by families needing services.

Current NC DHHS information systems provide support only on a programmatic or funding-stream basis, and do not fully facilitate an integrated, family-centric view of the client. Also, these systems do not collect the information needed to support an "outcome-based" approach to service delivery. Clients must interface with the County Departments of Social Services for a variety of services, both voluntarily for economic support and involuntarily for protection and safety of vulnerable populations. To serve clients better, County Departments of Social Services need to have a single view of the client and family regardless of the programmatic "bucket" in which the client is categorized. Additionally, increasing demands are placed on the county agencies to operate more efficiently and to return proven, measurable results. To achieve this objective, analysis of a large volume of case information is needed to measure accurately the effectiveness of provided services. The NC FAST Program promotes an integrated, family-centered service delivery approach with measurable results.

The NC FAST Program consists of the following three components.

- **Online Verification (OLV)** – The OLV module which verifies applicant and recipient information across a number of benefit reporting systems is being used by all 100 counties. Numbers indicate that use is approaching "full capacity", meaning that all eligibility staff are using OLV when program policy requires verifications be conducted. **The annual benefit for OLV is approximately 12.25 million dollars annually.** This amount is derived from the time saved by not using the individual mainframe applications and applying the savings to average county staff salaries. OLV provides county staff a single interface to execute multiple verification data points. Additional benefits are being realized

as all county staff find the OLV tool an efficient method to secure relevant case information as allowed by policy.

- **Service Delivery Interface (SDI)** – The second module, SDI, is a data interchange tool that connects various State benefits and reporting systems to various County case management systems. New Hanover County successfully implemented the pilot project on August 1, 2006 and reports staff time savings. Development has begun for Mecklenburg County as well as 5 additional counties expressing interest in using SDI. **Based on an average caseload of 13,310 Food Stamp cases, the benefits of SDI for county staff time savings is \$114,133 per county per year.**
- **Case Management** – The NC FAST Case Management solution will provide a comprehensive, centralized, and integrated automated system that will comply with State and Federal standards and support the current and future automation needs of the State's Service Delivery Model for Social Services. The system must support NC DHHS DSS and County Departments of Social Services to manage and administer the following programs effectively: Child Care, Child Welfare Services, Work First Family Assistance, Work First Employment Services, Food and Nutrition Services, Medicaid, Low Income Energy Assistance and Crisis Intervention, Refugee Assistance, NC Health Choice for Children, Adult and Family Services, and Special Assistance. OLV and SDI will be incorporated into the Case Management solution through the Case Management Integration and Synchronization component.

The NC FAST Legacy Project identified 20 existing legacy systems that should be able to be replaced by the new Case Management system. This project documented how each of these systems currently operate, and developed system overviews, including data dictionaries and process flows for both online and batch data processing. All documentation is being maintained to reflect any and all modifications to the 20 systems. Documentation will also be used to analyze software proposals and to perform a gap analysis on the selected software. This effort will ensure the NC FAST staff has a comprehensive understanding of how the new Case Management system should function to support the business processes.

NC FAST management plans to move forward with a Request for Proposal (RFP) to procure the software/technical solution first, and then post subsequent RFP(s) to procure integration services for each implementation phase. NC FAST Case Management Project(s) will be implemented in phases and will consist of several smaller projects to ultimately implement a total system allowing for a single point of coordination. This approach will allow certain functionalities to be delivered sooner and at the same time ensure implementation of a centralized, automated system that will deliver real-time functionality, enabling Human Services program area specialists to better serve NC citizens.

The NC FAST Projects and Case Management Implementation Phases are as follows:

1. NC FAST Automated Interview Software Selection Project

The purpose of the NC FAST Automated Interview Software Selection Project is to procure a software solution that will address all NC FAST requirements that will be implemented in phases. The automated system will include the tools necessary to enhance and improve the delivery of human services to at-risk populations in NC and to promote economic and personal independence.

2. NC FAST Automated Interview Integrator Selection Project

The purpose of the NC FAST Automated Interview Integrator Selection Project is to procure services of a vendor who offers integration services to implement a consolidated and integrated services-delivery solution, which will incorporate the project requirements into the software package selected by the State. This integration will provide all required functionality for a common automated interview process and any additional functionality for the following Economic Benefits programs: Food and Nutrition Services, Energy Assistance, Medicaid, Work First, Refugee Assistance, Special Assistance, and Child Care.

The goals of this project are to develop and issue an RFP, evaluate vendor proposals, and recommend a selected vendor for contract award. The selected vendor will then implement the previously defined business and technical requirements in a scalable, fail-safe and secure environment to provide automated interview functionality for the NC FAST Automated Interview Implementation Project. The State's intent is to execute a progressive contract award with an Automated Interview Implementation vendor. The performance of the Automated Interview Implementation vendor will be evaluated by the State near the end of the first implementation phase. Depending on the results of the evaluation, the State may proceed with the same vendor for subsequent implementation phases, solicit the services of another vendor through a subsequent RFP process, or continue the phased implementation with its own resources. The NC FAST staff is currently drafting the RFP for this project. There is a dependency on the completion of the NC FAST Automated Interview Software Selection Project that will identify the specific software package to be used by the selected integration vendor.

3. NC FAST Implementation Projects

The NC FAST Automated Interview Implementation Project, the first phase of the implementation effort, is designed to leverage the greatest "out-of-the-box" functionality of the Health and Human Services (HHS) Commercial off-the-shelf (COTS) market. Each phase will include the design, configuration, development, pilot implementation and statewide rollout of the Case Management System functionality. The proposed order of the project phases are:

- a. Automated Interview for all Economic Benefits Programs Phase
- b. Services Intake/Screening Phase
- c. Eligibility Information System Part 1 Phase
- d. Services Assessment and Service Provision Phase
- e. Eligibility Information System Part 2 Phase
- f. Services Placement Phase

g. Child Care and Crisis Intervention Program Phase

As part of NC FAST implementation efforts, the NC FAST staff assembled a focus group composed of county office representatives on August 21 and 22, 2007, to collect information on all aspects of the business and technical environments that will be impacted by implementation of the NC FAST Automated Interview Implementation Project. The focus group was divided into five major business areas: Training Readiness, Business Processes, County Organization, County DSS/State Communication, and Technology and Infrastructure. The information collected during the focus group meetings will be used to develop an Operational Impact Analysis that will facilitate a complete and thorough understanding of county operations and will help to develop a plan for effective implementation for each county. The focus group effort was very successful, and the NC FAST staff will continue to work with the focus group through various project efforts to ensure that all aspects of implementation are considered.

Program Model

The goal of NC FAST is to implement a new approach for delivery of services to families through County Departments of Social Services. The NC FAST Program is committed to providing tools for county staff to improve the efficiency and effectiveness of their benefit and service delivery to North Carolina families in need. The vision of an improved service delivery method includes the following elements:

- **Efficient, effective assessment** - Automated tools for caseworkers to assess client needs and determine program eligibility.
- **Comprehensive case management** - Tools to help caseworkers track cases, share information, and coordinate services across programs.
- **Better information for evaluating outcomes** - Comprehensive data is available for evaluating outcomes and ensuring accountability across programs.

Implementation of NC FAST is anticipated to have the following benefits for families, County Departments of Social Services, the State and communities.

Families will have:

- “Right-stop shopping” with one-time communication of their information and needs.
- Confidence that their benefits will be determined in an expedited, consistent manner from any place in the State.

County Departments of Social Services and their employees will have:

- Tools to help them share information and track cases across program areas and county lines.

- More time to assist families as administrative tasks are automated.
- Increased ability to work with families within existing resources.
- Enhanced partnerships with employers, service providers, and other support organizations.
- Enhanced ability to identify clients' needs.

The State will have:

- Access to current, accurate, and useful data that is integrated across programs.
- Comprehensive data on service delivery for accountability and decision-making purposes.
- Enhanced partnerships with counties and other State entities.

Communities will have:

- Increased responsiveness to community needs.
- Increased community outreach.
- Better outcomes for dollars invested.

II. Program Governance

NC DHHS has established a program structure that ensures the automation initiative meets Federal and State requirements, and that NC FAST achieves the desired outcomes and involves County and State workers in the design and implementation strategies. The NC FAST program structure consists of the Executive Advisory Committee (EAC), various subcommittees composed of County and State employees, and a program staff composed of a project director, County and State business analysts, technical leads, financial analysts, project managers, subject matter experts, technical writers and administrative support. The NC FAST EAC oversees the policy and procedural operations of the program. The EAC is chaired by the NC DHHS Deputy Secretary and composed of the NC DHHS Assistant Secretary for Long-Term Care and Family Services, directors from the five participating divisions within NC DHHS [i.e., the Division of Information Resource Management (DIRM), DSS, DAAS, DCD, and DMA] as well as other supporting DHHS divisions and offices, the NC Association of County Commissioners (NCACC), and the County Directors of Social Services from Dare, Johnston, and Union counties.

III. Federal Funding for the NC FAST Program

Federal Approval

NC DHHS submitted an Advance Planning Document (APD) for the NC FAST Program to the Federal government and received approval in April 2000. The NC FAST Program is required to provide the Federal partners with an annual update to the APD that reports

the status of the Program and requests continued phased program funding. NC DHHS submitted an Advance Planning Document Update (APDU) for the NC FAST Program to the Federal partners for approval in December 2004. On September 23, 2005, DHHS received approval for the NC FAST APDU from the United States Department of Agriculture (USDA). On August 8, 2005, the Administration for Children and Families (ACF) and the Centers for Medicare and Medicaid Services (CMS) provided NC DHHS with conditional approval of the NC FAST APDU. These conditions are as follows:

1. The State will provide assurances that individual counties will not use State or Federal funds for changes that they may need to make so they can use NC FAST.
2. The State will provide assurances that if it elects to implement an automated information system via contract services, the State will conduct an open and free competition where potential bidders will be allowed to propose various solutions, rather than the State specifying an automated system by name that it wishes to transfer and implement.
3. The State will re-evaluate the methodology used in the allocation of cost among the benefiting Federal programs and will submit additional information to provide compelling justification for the Child Support share of costs.

On December 1, 2005, NC DHHS formally responded to the Federal partners regarding these conditions, and provided assurances of the State's intent to comply with the conditions via a letter from the then NC DHHS Assistant Secretary for Finance and Business Operations. The NC FAST management also discussed NC DHHS' strategies with the Federal partners for complying with these conditions and received verbal agreement prior to the formal response.

Federal Funding Participation through Cost Allocation

The NC DHHS Office of the Controller is responsible for establishing the cost allocation of NC DHHS program expenditures (i.e., determining the Federal and State participation in funding program expenditures). A Cost Allocation Team has been established, and consists of staff from the NC FAST Program, the Cost Allocation Branch of the NC DHHS Office of the Controller, and the DIRM Budget Office. This team is responsible for evaluating and resolving budgeting and cost allocation issues that impact the NC FAST Program. Costs are currently being allocated based on the last APDU approved on March 28, 2007.

IV. Program Risk Mitigation and Program Status

To proactively mitigate the potential for key risks, the State Chief Information Officer (SCIO) required the NC FAST Program to revise its approach by breaking development of the Case Management solution into multiple projects. NC FAST management held a conference call with the Federal partners on April 18, 2006, to discuss the revised approach. On August 7, 2006, DHHS submitted an updated APDU to the Federal partners addressing the revised implementation and procurement approach.

During July and August 2006, Deputy SCIO Willis recommended and discussed with DHHS additional changes to the most recent NC FAST procurement strategy to further

mitigate risks. The discussions ultimately necessitated an in person meeting with the Federal partners that was held on October 10, 2006. At the October 2006 meeting, our Federal partners verbally communicated support for the latest proposed procurement strategy that would allow NC DHHS to procure the software/technical solution through an RFP, and then to post one or more subsequent RFPs to procure integration services for the implementation phases. However, the Federal partners required a revised APDU to be submitted for review and approval.

The most recent changes in the procurement strategy have been addressed in the updated APDU, which was submitted to the Federal agencies for review and approval on December 12, 2006, and in the revised RFP submitted on July 30, 2007. Federal agencies approved the updated APDU on March 28, 2007.

In July, 2007 the SCIO, DHHS Stakeholders and Attorney General's Office granted the NC FAST Program final approval to submit the Automated Interview Software Selection RFP for Federal review. DHHS submitted the Automated Interview Software Selection RFP to the Federal partners on July 30, 2007. By Federal regulation (45 CFR 95.611) the Federal partners are allowed or granted a maximum of sixty (60) days to review and provide a response to a State agency. On September 28, 2007, the NC FAST Team received an unofficial response from the Federal partners requesting clarifications. The NC FAST Program provided a response and clarifications to the Federal partners on October 25, 2007. The Federal partners responded on November 27, 2007, allowing the NC FAST Program to move forward with making the changes to the RFP as stated in the October 25, 2007 document and move forward with resubmitting the RFP for final Federal approval. **The Federal partners formally approved the Automated Interview Software Selection RFP on December 8, 2007. The State Information Technology Procurement Office approved the RFP for posting on December 20, 2007. Subsequently, the RFP was posted the same day on the State's Interactive Purchasing System.**